

## **Procedures for Annual Adjustments Howard County**

### **Residential**

- Step 1: The Residential land values were trended by sales of vacant land within the neighborhood. Sales were used of vacant parcels as well as improved parcels that were vacant at the time of sale. Due to the number of vacant land sales, it was decided to trend by changing the land trending factor by the same amount as the buildings trending factors were changed.
- Step 2: After the land factors were established, those values were added to the current improvement values and compared to the improved sale prices. A separate trending factor was then applied to the dwelling of the property to raise or lower the values to an acceptable median level. There was no change to the outbuildings of the parcel, just the dwelling. If there were not 5 sales in the neighborhood, then consideration was given to homes for sale in the neighborhood or the neighborhood was trended using similar neighborhoods or a township trending factor.
- Step 3: The newly established trending factors were applied to all properties within that neighborhood and a sales ratio study and abstract were ran to verify the changes.

NOTES: Jackson Township had 4 2009 sales and 1 2010 sale. The sales indicated no value change – so only included 2010 sale in Ratio Study.

### **Commercial / Industrial**

- Step 1: The C/I land values were trended by sales of vacant land within the neighborhood. Due to an insufficient number of vacant land sales in Howard County, the land values were trended as the improved values were trended.
- The land values for rural commercial and industrial properties were trended with the same factor applied to the residential land.
- Step 2: After the land factors were established, those values were added to the current improvement values and compared to the improved sale prices. A separate trending factor was then applied to the improvements of the property to raise or lower the values to an acceptable median level. Due to the limited amount of sales, the trending was expanded to county wide for commercial and industrial properties.
- For income producing properties, income data sheets were mailed out and GRM's or capitalization of income was used to assist in determining the values.
- Step 3: The newly established trending factors were applied to all properties within that neighborhood and a sales ratio study and abstract were ran to verify the changes.

NOTE: The Commercial and Industrial properties were looked at over a two year span. The sales were adjusted by 1% annual based on pared sales analysis. The Industrial Class – even with the use of 2009 sales did not have the five sales needed in order to trend. Therefore, although the median is low there were not enough sales so no changes were made to the industrial improvements.

The commercial and industrial land was trended with the same change as occurred to the improvements. However, there were only 2 vacant sales, thus the median is low. But because there were less than 5 sales no further changes could occur.